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IN THE

Supreme Court of the United States

OCTOBER TERM, 1944.

No. 653

AMERICAN-LaFRANCE-FOAMITE CORPORATION,
Petitioner,

vs.

RADCLIFFE M. URQUHART and GEORGE G. URQUHART,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA

and

BRIEF IN SUPPORT THEREOF.

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RADCLIFFE M. URQUHART and GEORGE G. URQUHART,
Respondents.

PETITION FOR WRIT OF CERTIORARI.

To the Honorable, The Chief Justice and the Associate Justices of the Supreme Court of the United States:

Your Petitioner, American-LaFrance-Foamite Corporation, prays that a writ of certiorari issue to review the decision of the United States Court of Appeals for the District of Columbia, filed August 7, 1944 (R. 39), reversing a final decree of the District Court entered July 20, 1943 (R. 31).

A certified transcript of the record in the case, including the proceedings in said Court of Appeals, is furnished herewith, in compliance with Rule 38 of the Rules of this Court.

Summary Statement of the Matter Involved.

Respondents, residents of the Eastern District of Pennsylvania, brought suit against Petitioner, a New York corporation, in the United States District Court for the District of Columbia for alleged infringement of two patents for methods and apparatus for generating and distributing fire-extinguishing foam (R. 1, 2).

Petitioner is engaged in the business of manufacturing and selling at Elmira, New York, fire-extinguishing apparatus, equipment and materials (R. 7).

Jurisdiction was rested on the patent statute. The complaint contained no allegation of Petitioner's corporate organization but charged that it had infringed the patents in suit "at its place of business at 1425 H Street, N. W., Washington, D. C., and elsewhere in the United States by selling" "infringing apparatus and foam generating materials" and "instructing others in using said apparatus and materials" (R. 3). It was not charged with manufacturing or using said goods.

The Marshal's return of service certified only that service was made "by serving W. W. Withers, District Office Manager personally" (R. 4).

Section 48 of the Judicial Code (28 U. S. C. A., §109; Act of March 3, 1897), provides:

> "In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. If such suit is brought in a district of which the defendant is not an inhabitant,

> but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought".

This "is the exclusive provision controlling venue in patent infringement proceedings" *Stonite Co.* v. *Melvin-Lloyd Co.*, 315 U. S. 561, 563, 565 (March 9, 1942).

Petitioner moved, in conformity with Rule of Civil Procedure No. 12(b), to dismiss the action and quash the service on the grounds (1) that Petitioner was not subject to service of process within the District of Columbia; (2) that it had not been properly served with process; (3) that the action was in the wrong district because the Petitioner was not an inhabitant of said District, had no regular and established place of business there, and had committed no act of infringement therein (R. 5).

The motion was supported by affidavits of Petitioner's employees, which showed, in brief, that the small office in question bore the Petitioner's name on its door; that name was listed in the Washington telephone directory; the rent was paid by W. W. Withers, Petitioner's sales representative for the District of Columbia and nearby States, and was credited to his account by Petitioner; the office furniture belonged in part to him and in part to Petitioner; no samples were displayed there and there was no stock of goods anywhere in the District. Withers' duties were to solicit business for Petitioner in his territory which extended to North Carolina. He received only commissions. Two salaried employees of Petitioner (affiants Halpin and Ray), had desk room in the office where they carried on their correspondence and did some clerical work. Their regular duties were performed in the Government departments where they were

consulted concerning Petitioner's fire extinguishing products, gave assistance or information concerning them, followed up difficulties arising in their procurement or delivery, and as "contact" men engaged in other similar activities related to Petitioner's business with the Government. A stenographer was employed at said office whose salary was paid by Petitioner (R. 7, 8, 10, 11-13).

The affidavits also showed that all orders for Petitioner's goods whether received directly or through salesmen, were accepted or refused at its Elmira offices; that neither Withers nor the "contact" representatives in Washington ever accepted an order (R. 7, 8), and that no one in said office had any part in billing, shipping or collecting the purchase price for goods sold by Petitioner (R. 8).

These facts were not denied and in the Courts below Respondents claimed they were established and stood upon them.

The same affiants also denied that any acts of infringement of the patents in suit had been committed by Petitioner in the District of Columbia. They stated that none of the materials, apparatus, or equipment described therein had been sold or delivered in the District of Columbia, or shipped by Petitioner to the United States Government, or any of its departments or agencies, or any person, firm or corporation in that District (R. 9, 10, 12, 14). Foam-producing equipment of the general character to which the patents in suit relate is customarily referred to as "air-foam" or "mechanical foam" (R. 25, 26).

Respondents did not attempt to show infringement by *use* or by instructions in the use of the alleged infringing apparatus or processes. Without traversing Petitioner's motion to dismiss, Respondent moved (R. 14) to strike one of Petitioner's aforesaid affidavits and for discovery (by depositions of Petitioner's said affiants) *only* with respect

to the matter of infringement by alleged *sales* or *deliveries* of infringing materials and equipment in the District of Columbia, with particular reference to the Potomac Electric Power Company and the Washington Gaslight Company (R. 15). No discovery was asked for with respect to the Petitioner's alleged place of business in the District.

Respondents' motion was supported by an affidavit of Respondents' counsel, Mr. William A. Strauch, who stated, upon information and belief only, that Petitioner had sold infringing apparatus and "means", identified by the names "PHOMAIRE" and "PHOMAIDE" (trade names of the *maker*, the Pyrene Manufacturing Company, not mentioned in the complaint) to "customer-users" throughout the United States, including the District of Columbia (R. 16); that Respondents had charged the Pyrene Manufacturing Company with infringement; that said Company had no office within the District of Columbia (R. 17); that said Company had brought a declaratory judgment suit against the Respondents in the Eastern District of Pennsylvania (where they reside), "to adjudicate the patents here in suit" (R. 17); and, also on information and belief, that "infringing installations" had been supplied by Petitioner to the two aforesaid public utility corporations within the District of Columbia (R. 17).

In reply to this affidavit, Petitioner's President, Mr. O'Neill, by affidavit specifically denied the sale of the apparatus or "means" mentioned to the utilities named or anyone else in the District of Columbia (R. 18, 19); and Petitioner supported this testimony by affidavits of the appropriate officials of said utilities. Mr. Thielscher (of Potomac Electric Power Co.), stated that his Company had purchased no such apparatus or materials from the Petitioner and (R. 20) did not posses any of the "PHOMAIRE" or

"PHOMAIDE" installations specified by Mr. Strauch. Mr. Leonard stated that while his Company, Washington Gaslight Company, had several of such installations they were not bought or procured from Petitioner (R. 22).

Thereupon Respondents moved for leave to "supplement" their first motion by an affidavit of Respondent R. M. Urquhart (R. 23). He stated that before filing the suit he had information that Petitioner had made sales of infringing apparatus under the names "PHOMAIRE" and "FOAMASTER", in the District of Columbia, and that since the Petitioner's motion he had been "orally advised by an officer of the defendant corporation", not named, that Petitioner had made sales to the Government in the District of Columbia (R. 23, 24).

Petitioner thereupon filed a further affidavit by said O'Neill who stated that *he* had a conversation with Urquhart but did not tell him that Petitioner had ever sold or made contracts for the sale of the alleged infringing goods to the United States Government, or any other person, firm or corporation, in the District of Columbia, but that, on the contrary, he had on several occasions told Mr. Urquhart that all orders received by Petitioner from the Government were accepted or rejected at Petitioner's office in Elmira, and nowhere else (R. 25).

The above described motions were argued together before Chief Justice Eicher of the District Court of the District of Columbia.

Respondents contended in support of their motion that as to alleged or possible acts of *infringement* they were entitled to a *discovery* under Rule of Civil Procedure No. 26(a). Petitioner maintained the contrary and that there was no necessity for the exercise of the Court's discretion under Rule 43(e) to order depositions or an open Court

hearing concerning the place of the alleged infringing acts, that, on the admitted facts and a great weight of authority, said office was *not* a "regular and established place of business" in the District of Columbia; and that Petitioner was not subject to service there and had not been properly served.

Petitioner pointed out that Respondents had not sustained the burden resting on them to show *prima facie* that Petitioner had committed acts of alleged infringement in the District of Columbia. On that question Respondents abandoned the ground upon which they had relied (R. 17) to show infringement, *i.e.* sales to the Washington utility corporations, and without any factual showing asserted that when the defendant received anywhere an order or award from the Government a sale took place in the District of Columbia.

Respondents made no attempt to prove any acts of infringement by Petitioner in that District or to disprove the explicit denial of infringement by sale in the District of Columbia to the Government or any other customer, contained in Petitioner's affidavits (R. 9, 10, 12, 13, 14, 18, 19, 25, 26).

The Trial Court (R. 26), briefly found the facts concerning Petitioner's Washington office and held they brought the case directly within the authority of *Tyler Co.* v. *Ludlow-Saylor Wire Co.*, 236 U. S. 723 (R. 28). He rejected *Shelton* v. *Schwartz*, 131 Fed. (2d) 805 and *James P. Marsh Corp.* v. *U. S. Gauge Co.*, 129 Fed. (2d) 161, upon which Respondents relied, and said it did not seem that the decision of this Court in *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U. S. 561, had been called to the Court's attention in *Shelton* v. *Schwartz* (R. 29).

The Court also held (R. 30) that Respondents had failed to sustain the burden of proof resting on them to

show "*prima facie* that defendant corporation had committed acts of infringement in the District of Columbia and that the defendant corporation has a regular and established place of business there within the purview of the statute". Denying Respondents' motion for a discovery, he held that Rule 26(a) would apply only "*after* jurisdiction has been obtained" and that he found "nothing in the rules authorizing discovery in aid of jurisdiction" (R. 30).

A decree dismissing the Bill (R. 31) being entered on July 20, 1943, Respondents filed a petition for reconsideration. It was denied on October 14, 1943, and Respondents appealed to the Court of Appeals for the District of Columbia (R. 32).

That Court filed its opinion on August 7, 1944 (R. 39). Reversing the decree it held:

(1) That the Petitioner had a regular and established place of business in the District of Columbia under Section 48 (R. 40).

(2) That Respondents were entitled to discovery under Rule 26(a) (R. 40).

(3) That the Trial Court did not exercise the discretion conferred upon it by Rule 43(e) as to the taking of depositions (R. 41).

(4) That no reason was disclosed "by the plaintiffs why the suit should be brought in the District of Columbia, an apparently inconvenient forum for both parties", and that the doctrine of *forum non conveniens* might apply (R. 41). Therefore the cause was remanded to the District Court to determine (1) whether it should retain jurisdiction, "applying the principle of *forum non conveniens*" and

(2) in the exercise of the Court's discretion, "whether to take depositions, in the event the first issue is resolved in plaintiffs' favor" (R. 42).

Questions Presented.

The decision of the Court of Appeals of the District of Columbia presents the following questions:

1. Whether Petitioner's said Washington office was a regular and established place of business under §48 of the Judicial Code (U. S. C. A. §109).

2. Whether Petitioner was subject to service of process in the District of Columbia and whether the service made upon it was sufficient.

3. Whether Respondents had sustained the burden of proof resting on them to show *prima facie* that Petitioner had committed in the District of Columbia acts alleged to constitute infringement.

4. Whether Respondents had the right to discovery under Rule 26(a).

5. Whether the District Court exercised its discretion to hear Petitioner's motion on affidavits or wholly or partly on oral testimony or depositions, according to Rule 43(e), and properly so.

A negative answer to Questions 1 or 2 will render unnecessary answers to Questions 3, 4 and 5.

Reasons for Granting The Writ.

The discretionary power of this Court to grant a writ of certiorari is invoked upon the following grounds:

1. The decision of the Court of Appeals for the District of Columbia that Petitioner had a regular and established place of business in the District of Columbia under §48 of the Judicial Code is in direct conflict with the decisions of this Court in *Tyler Co.* v. *Ludlow-Saylor Wire Co.,* 236 U. S. 723; *Chicago Car Heating Co.* v. *Gold Car Heating Co.,* 245 U. S. 631; *Anchor Co.* v. *P. & M. Co.,* 258 U. S. 605; with the following decisions of the Circuit Courts of Appeal: *Elevator Supplies Co.* v. *Wagner Mfg. Co.,* 54 Fed. (2d) 939 (C. C. A. 2), affirming without opinion 54 Fed. (2d) 937; *Mas* v. *Nu-Grape Co.,* 62 Fed. (2d) 113 (4th C. C. A.); *Wilson* v. *McKinney,* 59 Fed. (2d) 332; *Endrezze* v. *Dorr,* 97 Fed. (2d) 46; *Phillips* v. *Baker,* 121 Fed. (2d) 752, cert. den. 314 U. S. 688 (all in the 9th C. C. A.); and with numerous decisions of the District Courts, such as *Zimmers* v. *Dodge,* 21 Fed. (2d) 152 (N. D. Ill.); *Haight* v. *Viking Pump Co.,* 29 Fed. Supp. 575 (D. Wis.); *Bowers* v. *Atlantic G. & P. Co.,* 104 Fed. 887 (N. D. N. Y.).

Said decision is also in conflict with several decisions that service of process under the circumstances and in the manner appearing in the case at bar is insufficient to confer jurisdiction, *Green* v. *C. B. & Q. R. R. Co.,* 205 U. S. 530; *Scheuerle* v. *One-Piece Lens Co.,* 241 Fed. 270; *Waterman Co.* v. *Parker Co.,* 100 Fed. 544.

Shelton v. *Schwartz,* 131 Fed. (2d) 805 (C. C. A. 7), relied on by the Court of Appeals, is likewise contrary to the cases above cited and also to *Stonite Co.* v. *Melvin-Lloyd Co.,* 315 U. S. 561.

The Court of Appeals of the District of Columbia has therefore decided a question of general importance and of substance relating to the construction and application of a statute of the United States contrary to the decisions of this and many other Federal Courts and has not given proper effect to applicable decisions of this Court (Supreme Court Rule 38, 5b, c).

2. The Court of Appeals failed to apply to the determination of the question whether plaintiffs had made a *prima facie* showing of defendant's commission of alleged acts of infringement in the District of Columbia, the settled rule that the burden of proof is on the plaintiff to make that showing when jurisdiction is challenged (see R. 30, and also *Phillips* v. *Baker,* 121 Fed. (2d) 752, *Zimmers* v. *Dodge,* 21 Fed. (2d) 152 at 158, and *McNutt* v. *General Motors,* 298 U. S. 178, 189).

3. The holding of the Court of Appeals that Rule 26(a) permits discovery by way of depositions in order to support a jurisdictional allegation is in direct conflict with *Petition of Ferkauf,* 7 Fed. Rule Serv., 537, 540 (S. D. N. Y.) and *Fox* v. *House,* 29 Fed. Supp. 673, 675 (E. D. Okla.).

4. In holding that the District Court did not exercise its discretion in hearing Petitioner's motion on affidavits, as provided in Rule of Civil Procedure 43(e), the Court rendered a decision inconsistent, if not in conflict, with the decision of the Circuit Court of Appeals of the Second Circuit in *Central Mexican Light & Power Co.* v. *Munch,* 116 Fed. (2d) 85, 87 and with two decisions of the Circuit Court of Appeals of the Third Circuit, viz. *Gallup* v. *Caldwell,* 120 Fed. (2d) 90, 93 (Judge Goodrich) and *Victory Co.* v. *Manning,* 128 Fed. (2d) 415.

5. In overruling the District Court's action in hearing Petitioner's motion on affidavits respecting the locus of the defendant's alleged acts of infringement, the Court of Appeals departed from a practice long approved in the Federal Courts in many similar cases of which examples are:

General Electric Co. v. *Best,* 220 Fed. 347;
American Electric Co. v. *Lalance,* 256 Fed. 34;
Campbell v. *U. S. Compressor Co.,* 34 Fed. Supp. 402;

and most of the cases cited under Reason 1 above.

6. Further proceedings as directed by the Court of Appeals will cause delay and expense which is unnecessary. The decision of the District Judge and his construction of the Rules secured the just, speedy and inexpensive determination of the action in conformity with Rule 1.

The questions presented are of much importance and the conflict of decision is one which in the public interest should be settled by the decision of this Court.

WHEREFORE it is respectfully submitted that this petition for a writ of certiorari to the Court of Appeals for the District of Columbia should be granted.

Dated: November 1, 1944.

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